

### § 403.3

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over such subordinate labor organization shall file such report as provided in § 408.5 of this chapter.

[28 FR 14383, Dec. 27, 1963, as amended at 50 FR 31309, Aug. 1, 1985; 68 FR 58447, Oct. 9, 2003; 71 FR 57737, Sept. 29, 2006; 73 FR 57449, Oct. 2, 2008]

#### **§ 403.3 Form of annual financial report—detailed report.**

Every labor organization shall, except as expressly provided otherwise in this part, file an annual financial report as required by § 403.2, prepared on United States Department of Labor Form LM-2, “Labor Organization Annual Report,” in the detail required by the instructions accompanying the form and constituting a part thereof.

NOTE: Form LM-2 was revised at 58 FR 67594, December 21, 1993.

[28 FR 14383, Dec. 27, 1963, as amended at 62 FR 6092, Feb. 10, 1997]

#### **§ 403.4 Simplified annual reports for smaller labor organizations.**

(a)(1) If a labor organization, not in trusteeship, has gross annual receipts totaling less than \$200,000 for its fiscal year, it may elect, subject to revocation of the privileges as provided in section 208 of the Act, to file the annual financial report called for in section 201(b) of the Act and § 403.3 of this part on United States Department of Labor Form LM-3 entitled “Labor Organization Annual Report,” in accordance with the instructions accompanying such form and constituting a part thereof.

(2) If a labor organization, not in trusteeship, has gross annual receipts totaling less than \$10,000 for its fiscal year, it may elect, subject to revocation of the privileges as provided in section 208 of the Act, to file the annual financial report called for in section 201(b) of the Act and § 403.3 on United States Department of Labor Form LM-4 entitled “Labor Organization Annual Report” in accordance with the instructions accompanying such form and constituting a part thereof.

(b) A local labor organization not in trusteeship, which has no assets, no liabilities, no receipts and no disbursements during the period covered by the annual report of the national organiza-

tion with which it is affiliated need not file the annual report required by § 403.2 if the following conditions are met:

(1) It is governed by a uniform constitution and bylaws filed on its behalf pursuant to § 402.3(b) of this chapter, and does not have governing rules of its own;

(2) Its members are subject to uniform fees and dues applicable to all members of the local labor organizations for which such simplified reports are submitted;

(3) The national organization with which it is affiliated assumes responsibility for the accuracy of, and submits with its annual report, a separate letter-size sheet for each local labor organization containing the following information with respect to each local organization in the format illustrated below as part of this regulation:

(i) The name and designation number or other identifying information;

(ii) The file number which the Office of Labor-Management Standards has assigned to it;

(iii) The mailing address;

(iv) The beginning and ending date of the reporting period which must be the same as that of the report for the national organization;

(v) The names and titles of the president and treasurer or corresponding principal officers as of the end of the reporting period;

(4) At least thirty days prior to first submitting simplified annual reports in accordance with this section, the national organization notifies the Office of Labor-Management Standards in writing of its intent to begin submitting simplified annual reports for affiliated local labor organizations;

(5) The national organization files the terminal report required by 29 CFR 403.5(a) on Form LM-3 or LM-4, as may be appropriate, clearly labeled on the form as a terminal report, for any local labor organization which has lost its identity through merger, consolidation, or otherwise if the national organization filed a simplified annual report on behalf of the local labor organization for its last reporting period; and

(6) The national organization with which it is affiliated assumes responsibility for the accuracy of, and submits

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with its annual report and the simplified annual reports for the affiliated local labor organizations, the following certification properly completed and signed by the president and treasurer of the national organization:

**CERTIFICATION**

We, the undersigned, duly authorized officers of [name of national organization], hereby certify that the local labor organizations individually listed on the attached documents come within the purview of 29 CFR 403.4(b) for the reporting period from [beginning date of national organization's fiscal year] through [ending date of national organization's fiscal year], namely:

(1) they are local labor organizations; (2) they are not in trusteeship; (3) they have no assets, liabilities, receipts, or disbursements; (4) they are governed by a uniform constitution and bylaws, and fifty copies of the most recent uniform constitution and bylaws have been filed with the Office of Labor-Management Standards; (5) they have no governing rules of their own; and (6) they are subject to the following uniform schedule of fees and dues: [specify schedule for dues, initiation fees, fees required from transfer members, and work permit fees, as applicable].

Each document attached contains the specific information called for in 29 CFR 403.4(b)(3)(i)-(v), namely: (i) the local labor organization's name and designation number; (ii) the file number assigned the organization by the Office of Labor-Management Standards; (iii) the local labor organization's mailing address; (iv) the beginning and ending date of the reporting period; and (v) the names and titles of the president and treasurer or corresponding principal officers of the local labor organization as of [the ending date of the national organization's fiscal year].

Furthermore, we certify that the terminal reports required by 29 CFR 403.4(b)(5) and 29 CFR 403.5(a) have been filed for any local labor organizations which have lost their identity through merger, consolidation, or otherwise on whose behalf a simplified annual report was filed for the last reporting period.

(FORMAT FOR SIMPLIFIED ANNUAL REPORTING)

**SIMPLIFIED ANNUAL REPORT**

Affiliation name: \_\_\_\_\_

Designation name and number: \_\_\_\_\_

Unit name: \_\_\_\_\_

Mailing address: \_\_\_\_\_

Name of person: \_\_\_\_\_

Number and street: \_\_\_\_\_

City, State and zip: \_\_\_\_\_

File number: \_\_\_\_\_

Period covered: \_\_\_\_\_

From \_\_\_\_\_ Through \_\_\_\_\_

Names and Titles of president and treasurer or corresponding principal officers

For certification see NHQ file folder file number: \_\_\_\_\_

President \_\_\_\_\_

Where signed \_\_\_\_\_

Date \_\_\_\_\_

Treasurer \_\_\_\_\_

Where signed \_\_\_\_\_

Date \_\_\_\_\_

[28 FR 14383, Dec. 27, 1963, as amended at 37 FR 10669, May 26, 1972; 41 FR 27318, July 2, 1976; 45 FR 7525, Feb. 1, 1980; 50 FR 31309, Aug. 1, 1985; 50 FR 31310, Aug. 1, 1985; 57 FR 49290, 49357, Oct. 30, 1992; 62 FR 6092, Feb. 10, 1997; 64 FR 71623, Dec. 21, 1999; 65 FR 21141, Apr. 20, 2000]

EFFECTIVE DATE NOTE: At 74 FR 3725, Jan. 21, 2009, § 403.4 was amended by revising paragraph (a)(1), redesignating paragraph (b) as paragraph (f) and by adding a new paragraph (b), and paragraphs (b), (c), and (d), effective February 20, 2009. At 74 FR 7814, Feb. 20, 2009, this amendment was delayed until April 21, 2009. At 74 FR 18132, Apr. 21, 2009, this amendment was further delayed until October 19, 2009. For the convenience of the user, the revised and added text is set forth as follows:

**§ 403.4 Simplified annual reports for smaller labor organizations.**

(a)(1) If a labor organization, not in trusteeship, has gross annual receipts totaling less than \$250,000 for its fiscal year, it may elect, subject to revocation of the privilege as provided in section 208 of the LMRDA, to file the annual financial report called for in section 201(b) of the LMRDA and § 403.3 of this part on United States Department of Labor Form LM-3 entitled "Labor Organization Annual Report," in accordance with the instructions accompanying such form and constituting a part thereof.

\* \* \* \* \*

(b) The Secretary may revoke a labor organization's privilege to file the Form LM-3 simplified annual report described in § 403.4(a)(1) and require the labor organization to file the Form LM-2 as provided in § 403.3, if the following conditions are met:

(1) The Secretary has provided notice to the labor organization that revocation is

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possible if conditions warranting revocation are not remedied;

(2) The Secretary has undertaken such investigation as the Secretary deems proper revealing:

(i) The date the labor organization's Form LM-3 was due has passed and no Form LM-3 has been received; or

(ii) The labor organization filed the Form LM-3 with a material deficiency and failed to remedy this deficiency after notification by the Secretary that the report was deficient; or

(iii) Other circumstances exist that warrant revocation of the labor organization's privilege to file the Form LM-3.

(3) The Secretary has provided notice to the labor organization of a proposed decision to revoke the filing privilege, the reason for such revocation, and an opportunity for the labor organization to submit in writing a position statement with relevant factual information and argument regarding:

(i) The existence of the delinquency or the deficiency (including whether a deficiency is material) or other circumstances alleged in the notice;

(ii) The reason for the delinquency, deficiency or other cited circumstance and whether it was caused by factors reasonably outside the control of the labor organization; and

(iii) Any other factors, including those in mitigation, the Secretary should consider in making a determination regarding whether the labor organization's privilege to file the Form LM-3 should be revoked.

(4) The Secretary (or a designee who has not participated in the investigation), after review of all the information collected and provided, shall issue a determination in writing to the labor organization. If the Secretary determines that the privilege shall be revoked, the Secretary will inform the labor organization of the reasons for the determination and order it to file the Form LM-2 for such reporting periods as the Secretary finds appropriate.

(c) A labor organization that receives a notice as set forth in § 403.4(b)(3) must submit its written statement of position and any supporting facts, evidence, and argument by mail, hand delivery, or by alternative means specified in the notice to the Office of Labor-Management Standards (OLMS) at the address provided in the notice within 30 days after the date of the letter proposing revocation. If the 30th day falls on a Saturday, Sunday, or Federal holiday, the submission will be timely if received by OLMS on the first business day after the 30th day. Absent a timely submission to OLMS, the proposed revocation shall take effect automatically unless the Secretary in his or her discretion determines otherwise.

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(d) The Secretary's determination shall be the Department's final agency action on the revocation.

(e) For purposes of this section, a deficiency is "material" if in the light of surrounding circumstances the inclusion or correction of the item in the report is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced.

### § 403.5 Terminal financial report.

(a) Any labor organization required to file a report under the provisions of this part, which during its fiscal year loses its identity as a reporting labor organization through merger, consolidation, or otherwise, shall, within 30 days after such loss, file a terminal financial report with the Office of Labor-Management Standards, on Form LM-2, LM-3, or LM-4, as may be appropriate, signed by the president and treasurer or corresponding principal officers of the labor organization immediately prior to the time of its loss of reporting identity.

(b) Every labor organization which has assumed trusteeship over a subordinate labor organization shall file within 90 days after the termination of such trusteeship on behalf of the subordinate labor organization a terminal financial report with the Office of Labor-Management Standards, on Form LM-2 and in conformance with the requirements of this part.

(c) For purposes of the reports required by paragraphs (a) and (b) of this section, the period covered thereby shall be the portion of the labor organization's fiscal year ending on the effective date of its loss of reporting identity, or the portion of the subordinate labor organization's fiscal year ending on the effective date of the termination of trusteeship over such subordinate labor organization, as the case may be.

(d) If a labor organization filed or was required to file a report on a trust pursuant to § 403.2(d) and that trust loses its identity during its subsequent fiscal year through merger, consolidation, or otherwise, the labor organization shall, within 30 days after such loss, file a terminal report on Form T-1, with the Office of Labor-Management Standards, signed by the president and treasurer or corresponding